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Turks and Caicos Islands

Working paper prepared by the Secretariat

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I. General

1. The Turks and Caicos Islands[1] is a 417 square kilometre multi-island territory. It is the largest of the British dependent territories in the Caribbean, comprising 40 islands and cays. The capital of Turks and Caicos is Cockburn Town on Grand Turk Island. The islands are sparsely inhabited. The total population of the Territory in 1995 was 15,000, and the population density is approximately 34 persons per square kilometre. Most of the population resides on the two principal islands, Grand Turk, which is the administrative capital, and Providenciales, which is the business centre of the islands. Other populated islands are South Caicos, with 10.5 per cent of the total population; North Caicos, with 11.1 per cent; Middle Caicos, with 2.3 per cent; and Salt Cay, with 1.8 per cent of the population.[2]

2. Further information on the geographical features of the Territory is contained in a previous working paper prepared by the Secretariat (A/AC.109/2015, paras. 1 and 2).

II. Constitutional and political developments

3. Under the provisions of the 1976 Constitution amended in 1988, executive power is vested in the Governor, appointed by the Queen. The Constitution also provides for an Executive Council and a Legislative Council. The Governor is responsible for foreign affairs, internal security, defence and the appointment of public officers. The Executive Council consists of the Governor, six elected members of the Legislative Council and two official members (Chief Secretary and Attorney General). The Legislative Council consists of 19 members. There are 13 representatives elected by popular vote, 3 appointed by the Governor and 3 ex-officio members of the Executive Council. Elections were held in January 1995; the next elections are scheduled for 1999. The main political parties are the People's Democratic Movement, the ruling party, and the Progressive National Party.

4. In September 1996, Governor Martin Bourke finished his term and returned to the United Kingdom of Great Britain and Northern Ireland, thus ending the controversy that had led to a unanimous demand on the part of the ruling and opposition parties of the Territory addressed to the administering Power to recall him (for details, see A/AC.109/2051, para. 3). Further information on constitutional and political developments in the Territory is contained in previous working papers prepared by the Secretariat (A/AC.109/1185, paras. 3, 4 and 7-9, and A/AC.109/2051, paras. 3 and 5).

III. Economic conditions

A. General

5. Economic growth in the islands averaged 5 per cent over the five-year period from 1990 to 1995. With heightened investment interest in the Turks and Caicos Islands, it is expected that this level of growth will continue for the foreseeable future.

6. In 1996 the economy grew at a 4 per cent rate with gross domestic product (GDP) at $102.5 million, an increase from $96 million in 1995, while the GDP per capita increased to $6,923 from $6,415 in 1995. The current period of favourable economic growth in the Turks and Caicos Islands is, however, mainly a result of expansion in the service sector (tourism and offshore finance). The ascendancy of this sector represents a structural shift in the economy of the Turks and Caicos Islands. The salt mining and fishing industries, hitherto the key economic sectors, are now in decline. The increasing emphasis on the service sector has its drawbacks. In the case of tourism, the principal industry being developed, the competitive nature of the global market and its dependence on growth in developed countries has made the Turks and Caicos Islands vulnerable to fluctuations in the international economy. Competitiveness in the tourism sector also requires expansion of the Territory's infrastructure and "tourism plant capacity", increasing pressure upon the islands' natural environment.[3] The Territory's economy still ranks among the fastest growing economies in the Caribbean.

B. Public finance

7. In addition to attracting offshore investors as a means of stimulating private sector activity, the Government has embarked on an aggressive programme to strengthen financial management in the public sector, improve productivity of the civil service, reduce the rate of growth in government spending, improve the efficiency of State-owned corporations and enhance revenue collection efforts.

8. Recurrent revenue increased by over 50 per cent between 1990 and 1995, from $22 million to $37 million. Although public sector recurrent expenditure increased from $25 million to $34 million over the same period, the Government realized some surplus revenue towards the end

of the period. According to information provided by the administering Power, government revenues during 1995/96 amounted to $37.3 million, and expenditures totalled $34.8 million, providing government finances with a surplus of $2.5 million. Revenues for 1996/97 were forecast at $38.9 million, while expenditures were estimated at $36.6 million. Expenditures included a contribution to the Development Fund of $2.3 million, in addition to the $300,000 contribution that had been budgeted originally.

9. The Government's capital budget estimates form the basis of the public sector investment programme, which is financed through the Development Fund. The Fund was established for the purpose of receiving such monies as may be appropriated annually from the Consolidated Fund, together with other monies received from external donors.

10. External donors include the Government of the United Kingdom, for which funds are administered through the Dependent Territories Regional Secretariat, the Caribbean Development Bank, the European Union and the United Nations Development Programme (UNDP). Much of this support has been in the form of grants and concessional loans for the implementation of development projects and technical cooperation aimed at strengthening the human resource base of the country.

C. Public service

11. According to information provided by the administering Power, the Government continued its policy of providing job opportunities as public sector spending grew in line with the economy. Particular areas of its attention were law and order, education and health. In 1994/95, there was a total of 1,139 posts in the public service, which increased by 5 per cent, to 1,199, in 1996/97.[4]

D. Offshore financial services

12. General information on the Territory's offshore financial services industry is contained in the previous working paper prepared by the Secretariat (A/AC.109/2051, paras. 12 and 13).

13. The offshore business sector had a total of 14,401 companies registered as of 31 December 1995, with some 11,392 companies doing business outside the Territory. The number of new companies registering in the fiscal year from April 1996 to March 1997 rose by 18 per cent from the previous year, to 3,376.[5]

14. Among the attractions for offshore companies are the use of the United States dollar as the official currency, the absence of direct taxation, a growing financial infrastructure, fast and straightforward company registration procedures, extensive financial freedom and confidentiality.

E. Agriculture and fisheries

15. General information on agriculture in the Territory is contained in the previous working paper prepared by the Secretariat (A/AC.109/2051, para. 15).

16. Agricultural production is small and currently concentrated in North Caicos. The sector has begun to grow in the past year, with more produce available for sale in Providenciales and the establishment of a new farmers cooperative. Two hydroponic gardens have been started in Providenciales. Belize Holding Inc. operates a rice mill, processing rice from Belize, Guyana and Surname for duty-free export to the European Union.[6]

17. Fishing is a traditional activity and the only productive sector. Conch and lobster are the main catches and there is a conch farm. In 1996, economic activity in the sector benefited from high international prices for fish products, but there was a decline in production mainly as a result of overfishing and the imposition of a quota on conch exports to the United States, the Territory's main trading partner. The Turks and Caicos Islands is home to the world's only commercial conch farm, raising domestic conch for export. The firm, Caicos Conch Farm, has been conducting research for the past decade and was at almost full commercial activity at the end of 1996. Several other fish farms are being developed on an experimental basis to produce tilapia for international markets.[6]

F. Tourism

18. General information on tourism in the Territory is contained in the previous working paper prepared by the Secretariat (A/AC.109/2051, paras. 18-21).

19. In 1996, the Turks and Caicos Islands remained the fastest-growing destination in the Caribbean, with the total number of visitors topping 87,000, some 11.1 per cent above the level recorded in 1995. Tourism from North America (representing almost 70 per cent of visitors) remained strong, and promotional activities in Europe resulted in rapid growth from that market. In the first quarter of 1997 visitor arrivals were up by 19 per cent, fuelled in large part by the growing

diving market. The total number of arrivals exceeded 100,000 in 1997.[5]

20. The expansion of the hotel industry continued. Sandals International initiated a major $15 million expansion in 1997, with further expansion contemplated for 1998. A new Comfort Suites hotel with 100 rooms was added in 1997, and phase II of the project is expected to begin within a year. Additional construction has commenced on a number of condominium hotels and new resorts that are expected to more than double the number of rooms on Providenciales to over 3,000.[5]

21. The territorial Government began construction of a new airport terminal in Providenciales in 1997, with the first phase, worth $3.3 million, to be completed by the end of 1997 and the remainder of the redevelopment to be finished prior to the start of the 1998/99 travel season.[5]

22. During 1997 Canadian-owned company Pagebrook TCI Ltd. entered into an option agreement with the Turks and Caicos Government and the British Government to establish a cruise port facility and resort town on a 7,000 acre site in East Caicos. Included in the development plans are six resort hotels, casinos and associated condominiums, a commercial port and duty-free trans-shipment area, a wide range of retail shops and commercial services and an 18-hole golf course. The agreement also provides for the redevelopment of the airport on the adjacent island of South Caicos to accommodate wide-body aircraft to service the Caicos cruise port and resort and a causeway linking East and South Caicos.[5]

IV. Social conditions

A. General

23. The expansion in the tourism and offshore finance sector has resulted in favourable economic growth, but activities in that area are concentrated almost totally on one island, Providenciales. Thus economic opportunities are not equally distributed among the islands. Unemployment varies between 14 and 20 per cent on the other islands, while Providenciales boasts almost full employment. Inter-island migration is common, particularly migration to Grand Turk, the capital. A number of social problems such as overcrowding, housing shortages and an increase in the number of female-headed households have resulted from this skewed pattern of development.[7] Information on social conditions in the Territory is contained in previous working papers prepared by the Secretariat (see A/AC.109/1185, paras. 57-72, and A/AC.109/2015, paras. 28-32).

B. Education

24. Education in the Territory is free and compulsory for children between 5 and 16 years of age. There are 14 government-run primary schools and 4 government-run secondary schools. The adult literacy rate is 98 per cent.[5] The pupil-teacher ratio averages 25:1. The overall goal of the sector is to prepare the population for employment opportunities that will arise as the pace of development increases.[8] According to information provided by the administering Power, the Government of the Territory continues to work towards improving the education sector, with concentration on staff training and a successful drug awareness programme sponsored by the United Nations International Drug Control Programme. Changing enrolment patterns, in particular the growth in the number of students on Providenciales, remains a key concern of the education sector. Following the expansion of Clement Howell High School and the Ianthe Pratt and Oseta Jolly primary schools on Providenciales, a study was commissioned to identify rehabilitation and expansion requirements at other schools in the islands. The territorial Government intends to secure donor financing to fund those infrastructure improvements.

25. Total student enrolment at the community college in 1995/96 was up by 40 per cent, and the college continues to introduce additional subjects to its programme.

C. Health

26. Basic health care is available on the islands through a network of primary health care clinics and one hospital, which is located in Grand Turk, the capital island. The Government has sought to address infrastructure needs, especially on the island of Providenciales, which has a high population growth rate.[8]

27. According to information provided by the administering Power, the organizational capacity of the Territory's health services has been strengthened. Arrangements were made with the community college to run a locally based health science course from September 1996, a course previously available only in Barbados and Jamaica. The 1996/97 budget provides for additional medical staff at the Myrtle Rigby health complex on Providenciales and sufficient resources to fully open and operate the facility,

which will have 10 beds, a delivery room and an operating theatre.

V. Participation in international organizations and arrangements

28. Information on the Territory's participation in international organizations and arrangements is contained in previous working papers prepared by the Secretariat (A/AC.109/2015, paras. 33-35, and A/AC.109/2051, para. 25).

29. UNDP assistance under a fifth cycle country programme (1992-1996) to the Caribbean dependent Territories, which includes the Turks and Caicos Islands, had as its principal focus the provision of support for human resource development, capacity-building, institutional strengthening and environment and natural resources management. An extension of one year (January to December 1997) of the fifth cycle country programme was approved by the Executive Board of UNDP at its third session in 1997.

30. In the Turks and Caicos Islands, technical cooperation has been largely aimed at direct interventions with a view to laying the basis for meaningful economic development. In that connection, assistance was granted for the establishment of an investment agency, the creation of a national insurance scheme and the improvement of customs administration and tertiary level education. In the current cycle, support is envisaged in two broad areas: preparation of an integrated development plan and sustainable livelihoods and employment creation through assistance linking agriculture and small enterprise development with tourism.

VI. Future status of the Territory

31. Regarding the position of the administering Power, on 4 February 1998 the Secretary for Foreign and Commonwealth Affairs, Mr. Robin Cook, in a speech before the Dependent Territories Association in London, announced that in his first months as Foreign Secretary he had set in motion a review of the United Kingdom's stewardship of the Dependent Territories. A summary of the principles and key issues contained in the proposal to "modernize" the United Kingdom's relations with the Territories is contained in document A/AC.109/2102, paragraphs 70-81. For statements made during the fifty-second session of the General Assembly, see document A/C.4/52/SR.6, paragraphs 79-85.

32. On 10 December 1997, the General Assembly adopted resolution 52/77 B, a consolidated resolution on 12 Non-Self-Governing Territories, section XI of which is specifically devoted to the Turks and Caicos Islands.

Notes

[1] The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 *e* of the Charter of the United Nations on 30 March 1998.

[2] *UNDP: Country cooperation framework and related matters: First country cooperation framework for the Turks and Caicos Islands (1998-2002)* (DP/CCF/TCI/1), para. 3.

[3] Ibid., paragraphs 5 and 7.

[4] Statement on the 1996/97 budget by Mr. Derek H. Taylor, Chief Minister of Finance, on 29 July 1996, a copy of which was provided to the Secretariat by the Permanent Mission of the United Kingdom of Great Britain and Northern Ireland to the United Nations.

[5] *1998 Caribbean Basin Profile*, p. 427.

[6] Ibid., p. 426.

[7] *UNDP: Country cooperation framework and related matters: First country cooperation framework for the Turks and Caicos Islands (1998-2002)* (DP/CCF/TCI/1), para. 6.

[8] Ibid., para. 8.

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Montserrat

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I. General

1. Montserrat[1] is situated in the Leeward Islands in the eastern Caribbean, 43 kilometres south-west of Antigua and 64 kilometres north-west of the French Overseas Department of Guadeloupe. It has a maximum length of 18 kilometres and a maximum width of 11 kilometres and covers an area of 103 square kilometres. Its capital is Plymouth.

2. Montserrat is mountainous and of volcanic formation. In July 1995, the Montsoufriere volcano, dormant for more than 400 years, erupted, causing evacuation of more than one third of Montserrat's population from the southern part of Montserrat to its northern "safe" areas in August 1995. The population of Montserrat, which in 1995 was 10,581, was estimated at 3,500 in February 1998 by the Chief Minister of Montserrat; the administering Power estimated the Territory's population at that time at 2,800.[2]

3. As of May 1998, in the third year of intensive volcanic activity, the Territory is facing an uncertain future with a substantial part of its population relocated and its economy disrupted.

II. Constitutional and political developments

4. Information on constitutional developments in the Territory is contained in previous working papers prepared by the Secretariat (A/AC.109/2019, paras. 5-16; A/AC.109/2078, paras. 5-8).

5. As reported in a previous working paper (A/AC.109/2078, paras. 5-8), the inconclusive general elections held in 1996 produced a coalition Government, headed by Chief Minister Bertrand Osbourne of the Movement for National Reconstruction. The leader of the National Progressive Party, Reuben Meade, was dismissed in April 1997 and Chief Minister Osbourne resigned in August 1997, following four days of protest against the Government of the United Kingdom of Great Britain and Northern Ireland over the conditions in the overcrowded emergency shelters set up to house inhabitants who lost their homes as a result of the volcanic activity. An independent member of the Legislative Council, Mr. David Brandt, became the Chief Minister as of 27 August 1997.[3]

6. The new Chief Minister is responsible for finance and economic development of the Territory.[4] The new Governor of Montserrat, Mr. Anthony Abbot, was sworn in on 17 September 1997.

7. Political developments in the Territory in the period under review, particularly with regard to the relationship between the Territory and the administering Power, were closely intertwined with the administering Power's handling of the humanitarian crisis in Montserrat (see paras. 43-66).

III. Economic conditions

8. A summary of economic conditions in Montserrat in the aftermath of the volcanic eruption is contained in a previous working paper (A/AC.109/2078, paras. 9-18). The present working paper contains an updated synopsis of major economic developments in the 1996-1997 period and the first quarter of 1998.

9. On 23 April 1998, in a statement presenting the 1998 budget, the Chief Minister pointed out that, during 1997, the Montserrat economy continued to be characterized by reduced private sector economic activity, resulting in further reductions in government revenues and fiscal deficits. The gross domestic product (GDP) growth rate declined in 1997 in excess of 10 per cent. Manufacturing, which contributed 7 per cent to GDP in 1996, experienced a virtual shutdown around the middle of 1997.

10. The tourism sector experienced a decline in the number of stay-over visitors from 17,700 in 1995 and 8,700 in 1996, to around 4,000 in 1997. The negative impact of reduced visitor expenditure on the economy has been significant. Visitor expenditure decreased in 1996 by 60 per cent, and by a further 57 per cent in 1997.[5] Earnings from the tourism sector fell drastically from US$ 21.5 million in 1995, to US$ 8.5 million by the end of 1996. Visitor arrivals for the first half of 1997 were recorded at only 3,103, including journalists and scientists.[6] Following the April 1997 relocation of most of the population in the southern areas, including the capital, Plymouth, cruise ships removed Montserrat from their Caribbean itinerary. As a result, the sector lost 29 per cent of its market share.[7]

11. In April 1998, a local business announced plans to build a 52-room hotel on the island with insurance provided from the National General Insurance Corporation (Nagico) from the neighbouring island of St. Maarten, a Dutch territory.[8]

12. The decision of Nagico to support the hotel project was significant in the light of other insurers' withdrawal from the island. In August 1997, two of Montserrat's remaining insurers, Barbados-based United Insurance Company, Ltd. and Trinidad-based N.E.M. Insurance, ended their coverage for policy holders in the island. The remaining insurer,

London-based Royal Sun Alliance, announced that it would stop renewing policies.[9]

13. The consequent contraction of the real estate and housing sector, which is clearly linked with tourism, has also been significant. In 1996, real estate and housing contributed 13 per cent to GDP. The lack of housing and employment opportunities contributed significantly to the decline between 1995 and 1997.[10]

14. The rate of unemployment increased from 10 per cent in 1995 to 20 per cent in 1996. Opportunities for employment in construction in 1997 have significantly reversed the situation, and labour has had to be sought from overseas. Unemployment was recorded at 7.7 per cent at the end of 1997, and 5 per cent in March, 1998.[11] The recently completed Montserrat Social Survey noted that the labour force has shrunk to 1,517 workers, with the Government employing the most people on the island, namely, 33.1 per cent of the workforce. Construction accounted for almost 14 per cent, health and social work 10.7 per cent and wholesale and retail 8.7 per cent.[12] Inflation remains relatively high at around 5 per cent, and has been attributed largely to increases in building rents.[13]

15. In June 1997, the Territory's population was estimated at 7,500. By August 1997, the population had further declined to 5,800 as additional residents relocated after volcanic eruptions in June and July 1997.[14] The population of the island declined further owing to growing danger of volcanic activity. According to the latest information available, at the beginning of 1998, there were approximately 2,800 to 3,500 residents in the Territory (see para. 2 above), of whom some 540 were living in shelters.[15] According to the information provided by the Government of the United Kingdom to the House of Commons in May 1998, by the end of March 1998, 3,543 Montserratians had been admitted to the United Kingdom as evacuees.[16] About 3,000 Montserratians relocated to Antigua and Barbuda,[17] putting a strain on that country's social infrastructure.[18]

16. As a direct result of the volcano emergency situation, exports in the first half of 1997 declined to 9.2 million Eastern Caribbean dollars (EC$), compared to the EC$ 63.5 million recorded the year before. The rice mill and electronic components factory, which had been major producers of export earnings the previous years, have closed down.

17. The Government's fiscal operations were adversely affected in 1996, with current revenues declining by 18 per cent, mainly owing to the decline in business activity. Emergency relief operations resulted in current expenditures rising by 39 per cent, and the current account deficit reached US$ 7.9 million. The shortfall in revenue required a budgetary supplement of EC$ 21.4 million to meet the rising expenditures, primarily for operations of the Emergency Operations Centre (EOC), the Montserrat Volcano Observatory (MVO), and other public expenses related to the ongoing volcanic crisis.

18. The Government's Public Sector Investment Programme was altered, as a revised development plan for the north of the island became necessary. Plans for an electricity system and airport expansion, for example, had to be replaced by infrastructure projects in the safe zone: housing, schooling and the construction of a jetty at Little Bay in the north. Expenditures on emergency projects constituted EC$ 6.3 million. The Government also continued the Family Housing Programme, which it started in 1996 to ease overcrowded shelters and private houses.

19. The agriculture sector declined further during the period under review. Cultivation in farming communities declined in 1997, owing to an insufficient number of fertile plots in the safe zone where this activity relocated. The Ministry of Agriculture has elaborated a number of plans to assist farms in these areas, and there has been some assistance provided by the Caribbean Agricultural Research and Development Institute. Hydroponic farming is being promoted as an investment opportunity and overall the sector is expected to contribute 5.23 per cent of GDP in 1998.[19]

20. Approximately 200 small business operations were severely affected by the volcanic crisis. Some of them migrated, but many have remained on the island and would require assistance to begin operations in the designated safe zone. The territorial Government has introduced a number of initiatives, including a feasibility study of the small business sector to determine the level of assistance required. Accommodation has already been provided for six businesses.[20] The Government has also embarked upon a development programme in the designated safe zone in the north, assisted mainly by the British Government, the United Nations Development Programme (UNDP), the Caribbean Community (CARICOM) and other donors. A Development Strategy for North Montserrat has been adopted, aimed at achieving the total resettlement of all displaced residents, businesses, services and facilities. This plan was revised in late 1997, in order to address new problems consistent with the volcanic emergency situation experienced throughout most of 1997.

21. Capital expenditures for 1997 was projected as EC$ 54.8 million. The projects for 1997 included emergency power generation, road and water supply rehabilitation, a permanent volcano observatory, school expansion and factory shells. These projects are expected to generate a

higher level of employment, boosting construction and its support industries and providing a stimulus to private investment.[21]

22. In the face of economic disruptions caused by the ongoing volcano crisis, the Government of Montserrat has announced plans in its 1998 budget to sustain economic development of the island. Chief Minister David Brandt stated in his budget presentation on 23 April 1998 that, during this fiscal year, the Government, acting through the Montserrat Port Authority, would continue its programme of providing satisfactory marine transportation facilities for commercial and tourism activity at a cost of EC$ 2.1 million (US$ 770,000).

23. The Chief Minister announced that a road network upgrading programme had been started to service the concentration of the population in the safe one third of the island. In 1998 the Montserrat Water Authority would be implementing a water redevelopment programme, the first phase of which will cost EC$ 3 million. As regards housing, a small enterprise development project has been approved at a total cost of EC$ 2.561 million. Complementary projects supported by the Canadian International Development Agency (CIDA), UNDP, the Canadian Cooperative Association and the Red Cross will provide business space, administrative support, training materials and concessionary finance to encourage small business rehabilitation.

24. According to the Chief Minister, EC$ 1.4 million would be available for loan financing under the programmes mentioned above. Individual businesses would be able to access up to EC$ 150,000 for investment and working capital, of which a maximum of EC$ 40,000 could be used for working capital. In an effort to reduce the high level of food imports, the Chief Minister said, agricultural production had started on land which the Government had identified and secured in the north. More farmland would likewise be identified and put into production.

25. The Chief Minister stated that tourism, too, would receive attention. During 1998, the focus would be on the redefinition of the "Montserrat tourism product", as well as on providing the market with accurate information about developments on the island.[22]

IV. Social and educational conditions

26. Information on social and educational conditions is contained in a previous working paper prepared by the Secretariat (A/AC.109/2078, paras. 19-21). At present there are nine government primary schools in Montserrat, with four currently in operation in the designated safe zone, accommodating children from the non-evacuated as well as the evacuated areas. There are two private primary schools, one private secondary school and one amalgamated government secondary school with three campuses.[23] As of February 1998, the secondary school had 200 children on its roll and two primary schools were open.[24]

27. The administering Power reported in November 1997 to the House of Commons that there were five patients in the "acute ward" in the Margetson Memorial Home in Montserrat. A community services unit on the same site accommodated approximately 30 elderly or disabled persons evacuated from their homes. It also reported that the sanitation system at the temporary hospital was not designed for heavy use and as part of an ongoing programme of major works at the hospital, the Department for International Development was spending approximately £150,000 on sanitation improvements.[25]

V. Assistance provided by the United Nations and other international organizations

28. United Nations assistance to Montserrat is provided mainly through UNDP, which maintains programmes of technical cooperation with five Non-Self-Governing Territories of the Caribbean, including Montserrat. While the extent and focus of these programmes vary from one Territory to another, they are all in general executed in conformity with UNDP Guidelines for the Implementation of successor programming arrangements and relevant decisions of the UNDP Executive Board, particularly those concerning the focus and allocation of assistance under each programming cycle, as well as with relevant resolutions of the United Nations General Assembly.

29. The first country cooperation framework for Montserrat,[26] covering the period from 1997 to 1999, was formulated by the Government of Montserrat and UNDP in close collaboration with the major donors and relevant United Nations agencies. The country cooperation framework is based on government policy statements that outline the thrust of the country's development priorities and strategies, as well as UNDP Executive Board decisions and the salient recommendations of United Nations international conferences on the environment, population and development, social development, women and human settlements. The themes in this country cooperation framework are specifically linked to the objectives of the

Government's Medium-term Economic Development Programme (1995-1998) and to the programme of action for the Regional Bureau for Latin America and the Caribbean, adopted in Mexico in March 1996.

30. During the fifth cycle, a significant portion of UNDP's external development cooperation with Montserrat was focused on management and preservation of the environment. Physical planning was a major component of the programme, which established a Physical Planning Unit with trained staff. The country benefited from a range of inputs from UNDP that placed it in a position comparable to that of most Organization of Eastern Caribbean States (OECS) countries in terms of the development and implementation of environment-related policies and programmes, and the strengthening of institutions to sustain them.

31. UNDP assistance was complemented by other donors, among them the British Government, CIDA, the Swedish International Development Agency, the German Technical Cooperation Agency, the World Bank, the Organization of American States, the European Union, and the United Nations Centre for Human Settlements. The bulk of development assistance was directed towards solid and liquid waste management, watershed and coastal zone management, environmental education and awareness, disaster management and physical planning.

32. Owing to the demands imposed by the current crisis in Montserrat, UNDP will concentrate on emergency interventions that will complement the actions of the Government, the United Kingdom, the Caribbean Community (CARICOM), United Nations agencies (especially the Pan-American Health Organization/World Health Organization (PAHO/WHO)) and other international and bilateral aid organizations. Activities under the country cooperation framework will be seen as an emergency programme designed to assist the Government in coping with the crisis, while trying to ensure that long-term development efforts are not unduly compromised. UNDP will support the Government's resettlement programme and promote activities to reinvigorate the productive sectors, especially those relevant to the livelihoods of the most disadvantaged segments of the population. Emphasis will be placed on the provision of assistance to displaced persons, particularly those being sheltered in churches, schools, and other temporary accommodation in the safe zone. It is recognized that, as part of a holistic response to the crisis situation, it is necessary for the strategy to encompass interventions beyond emergency activities to ensure that long-term development needs are taken into account. Beyond the initiatives aimed at shelter and other basic needs, the wider aspects of employment generation, income augmentation and entrepreneurial development through micro-enterprises will be integrated as key elements in the strategic mix.

33. The strategy will also focus on strengthening collaboration with United Nations agencies and seeking complementarities with their ongoing programmes, especially the United Nations Centre for Human Settlements, the United Nations Environment Programme, the United Nations Children's Fund (UNICEF), PAHO/WHO, the United Nations Development Fund for Women, the Global Environment Facility/Small Grants Programme and the United Nations Volunteer Programme. Linkages with the regional programme for Latin America and the Caribbean and the subregional programme for the Eastern Caribbean countries will be actively sought in order to complement regional initiatives, especially those being undertaken by CARICOM, and to mobilize additional resources for the proposed activities, thereby enhancing the overall impact of UNDP cooperation.

34. UNDP technical cooperation during the country cooperation framework period will concentrate on (a) poverty reduction and sustainable livelihoods and (b) environmental management. In keeping with the UNDP mandate, poverty reduction and sustainable livelihoods activities will be targeted at the poorest and will aim to create alternative sustainable livelihoods for those who have been displaced by volcanic activity.

35. Given the thrust of the programme, United Nations agencies, such as the Food and Agriculture Organization, the United Nations Centre for Human Settlements, UNICEF and PAHO/WHO, are expected to play an important role in the implementation and execution of the programme. It is envisaged that United Nations Volunteers will be mobilized in such specialized areas as civil engineering, economic planning, small business development, physical planning and agricultural extension. Regional expertise will be mobilized through technical cooperation among developing countries programmes and exchanges.

36. According to the UNDP's first country cooperation framework for Montserrat, the very limited resources being made available by UNDP are essentially catalytic in scope, as they are insufficient to meet the costs of implementing the country cooperation framework. Resource mobilization, therefore, will be critical and will consist of the following elements: (a) UNDP will collaborate with the Government in the preparation of sound proposals for funding under the target for resource assignments from core (TRAC) line 1.1.3 (resources for development in countries in special situations), in view of the current emergency; (b) UNDP will

actively identify specific opportunities for accessing UNDP-administered global funds, such as the Global Environmental Facility/Small Grants Programme and Capacity 21; (c) through the resident coordinator system, UNDP will work closely with the Government to coordinate other donor inputs at the outset of the country cooperation framework and to encourage joint programming. Efforts will be made to mobilize third-party cost-sharing through the design and formulation of programmes and projects that can be jointly funded by key partners assisting Montserrat in coping with the emergency.

37. Through its "CARICOM Village" initiative, the Caribbean Community is providing funding forNew Zealand housing for displaced residents in the northern zone. In August 1997, the current Chairman of CARICOM, Prime Minister of Jamaica, P. J. Paterson, visited the island for a ground-breaking ceremony for the construction of the four-acre housing project. The initiative, decided upon by the Heads of State of CARICOM in July 1997, aims at providing 35 homes at a cost of 0.5 million United States dollars. The project is also receiving financial and technical assistance from UNDP. The provision of infrastructure such as roads, water and sanitation facilities for the development is being financed by the administering Power. Twenty-five prefabricated housing units have already been ordered from Cuba, while another five are being provided by Jamaica.[27]

VI. Participation in regional organizations and arrangements

38. The Territory continues to be a member of CARICOM and OECS, as well as of the institutions associated with both groups, including the University of the West Indies, the Caribbean Development Bank and the Eastern Caribbean Central Bank. Montserrat is an associate member of the Economic Commission for Latin America and the Caribbean and its subsidiary bodies. The Territory is represented at the meetings of the Caribbean Group for Cooperation in Economic Development, sponsored by the World Bank.

VII. Future status of the territory

Position of the administering Power

39. On 4 February 1998, the Secretary for Foreign and Commonwealth Affairs of the United Kingdom, Mr. Robin Cook, in a speech before the Conference of the Dependent Territories Association in London, announced that in his first months as Foreign Secretary, he had set in hand a review of the United Kingdom's stewardship of the Dependent Territories. A summary of the principles and key issues contained in the proposal to "modernize" the United Kingdom's relations with the Territories is contained in document A/AC.109/2102, paras. 70-81.

Position of the territorial Government

40. At the same Dependent Territories Association Conference, in London on 4 February 1998, the Chief Minister of Montserrat outlined the position of the territorial Government on the future political status of Montserrat. In the course of his statement, which addressed the issues raised in the statement of the Foreign Secretary, the Chief Minister said:

> "A good policy [on the relationship between the United Kingdom Overseas Territories and the United Kingdom] should have clear objectives, and as a bare minimum British policy should seek to accomplish the following:
>
> "1. Change the orientation of the British/overseas territories relationship from what rights the British are willing to give us, to what powers we would wish them to have over us.
>
> "2. Institute constitutional reforms which allow United Kingdom Overseas Territories to proceed to responsible government, having greater autonomy and involvement in the conduct of their domestic affairs.

These reforms should provide for the increased involvement of Ministers in areas of governance expressly reserved for the governor. This will begin the process of securing internal self governance for United Kingdom Overseas Territories through the devolution of executive and administrative power from the Secretary of State and Governor to elected officials through a mechanism entrenched in the constitution. If this necessary step is taken, the process whereby Ministers practice the exercise of responsibilities which could one day be theirs, would finally have been set in motion.

> "3. Give United Kingdom Overseas Territories the right to interact with, and to receive assistance from states and international organizations without the active intermediation of HMG.
>
> "4. Uphold the right of British Citizenship, for those Overseas Territories who request it.
>
> "5. Institute greater respect for the individuality and cultural characteristics of the United Kingdom

Overseas Territories and their people who should have the right to determine their constitution without interference, in accordance with due constitutional processes and in keeping with their freely expressed wishes.

"6. Provide for ongoing assistance to United Kingdom Overseas Territories from HMG for the development of their socio-economic institutions. This should ensure prompt and effective delivery of assistance to Overseas Territories and this entitlement should automatically result in prompt and effective delivery of assistance in times of crisis.

"7. Discontinue the practice whereby international treaties ratified by Britain are extended to the United Kingdom Overseas Territories without their consent. United Kingdom Overseas Territories should not be saddled with British international obligations which they may not be able to, or wish to fulfill. While the comments made by the Secretary of State are appreciated, it cannot be acceptable that the United Kingdom government should have the right to legislate for the overseas territories without their consent.

"I believe that, despite the past errors and mishaps, the British Government and its Overseas Territories share a foundation from which to develop constitutional models for the Overseas Territories on the basis of consultation, collaboration and mutual respect. In conclusion, let us be reminded that we are all on the dawn of a new millennium where we are challenged by the global trend towards greater trade liberalization. Like the rest of the Caribbean, the Overseas Territories have acceded to a Charter of Civil Society and have committed to laying the foundation for a human-centered system of governance that eschews social justice.

"Like many other countries of the world, the Overseas Territories are challenged by poverty and the scourge of illegal drugs which threaten the social fabric of our societies. We are however committed to democracy, good governance, respect for human rights, the rule of law and the attainment of the highest possible standard of living for our people. These are responsibilities we take unto ourselves as a people in our various communities. These are responsibilities that we seek nothing more than the very best chance to fulfill.

"As we work together to fulfill them, let us be guided by this:

'The issue should not be whether further powers of self government should be extended to the colonies but rather what powers do the United Kingdom Overseas Territories want to entrust to the former empire ... Nobody has the right to govern another. It is as simple as that.'"

Consideration by the General Assembly

41. On 10 December 1997, the General Assembly adopted resolution 52/77 B, a consolidated resolution on 12 Non-Self-Governing Territories, section VII of which was specifically devoted to Montserrat.

42. On 16 December 1997, the General Assembly adopted resolution 52/169 J entitled "Emergency assistance to Montserrat" in which the Assembly, *inter alia*, expressed its solidarity and support to the Government and people of Montserrat; called upon all States to contribute generously to the relief, rehabilitation and reconstruction efforts and called upon UNDP to finalize its proposals for a package of emergency assistance to Montserrat at the earliest possible time; called upon the Secretary-General to monitor the situation in Montserrat with a view to assessing the ecological and development impacts of the continuing volcanic eruptions as well as to assisting in the long-term needs of Montserratians, including the needs of evacuees and their rehabilitation; and requested the Secretary-General to submit to the General Assembly at its fifty-third session a report on the situation in Montserrat and on the progress made with the relief and rehabilitation efforts.

VIII. Situation following the eruption of the Montsoufriere volcano

43. Information on developments immediately following the eruption of the Montsoufriere volcano and its aftermath is contained in previous working papers prepared by the Secretariat (see A/AC.109/2052, paras. 18-28; A/AC.109/2078, paras.31-34). The current working paper covers the developments on the island from June 1997 until May 1998.

44. In mid-August 1997, following a spell of volcanic activity, Plymouth, Salem, Olveston, Hope and Flemings, in the west of the central zone, were evacuated. This evacuation increased the overcrowding in the shelters, where reportedly insanitary and generally unsatisfactory conditions already prevailed.

45. On 18 August 1997, the Under-Secretary-General of State in the Department for International Development of the United Kingdom, Mr. George Foulkes, announced a voluntary evacuation scheme for those wishing to leave the island, with financial assistance from the United Kingdom. Details of the financial package were announced two days later. The initial lack of information contributed to the anxiety of the Montserratians and led to demonstrations in Salem. On 21 August, the United Kingdom announced a financial package that included a relocation grant of £2,400 per adult and £600 for each child under 18, plus the cost of transport to other Caribbean countries or to the United Kingdom. In contrast, the Government of Montserrat had proposed aid of EC$ 40,000 (approximately £9,200) for a head of household, EC$ 30,000 for other adults and EC$ 20,000 for children. The announcement of the British Government's financial package drew further protests and was criticized by Montserrat's government representatives as inadequate. The same day, Chief Minister Osbourne resigned and was succeeded by Mr. David Brandt, an independent member of the Legislative Council, also critical of the financial package. On a number of occasions, the Chief Minister, referring to British assistance to evacuees, expressed concern that Montserratians would be forced to leave the island unless cash assistance was offered, not only to those who left, but also to those who stayed in Montserrat.

46. In a press interview, the United Kingdom's Secretary for International Development, Ms. Clare Short, said that British Government policy was to enable Montserratians to make their own choices and remarked that the British Government had allocated £41 million to Montserrat, comprising £17 million in emergency aid, £12 million in budgetary assistance and £12 million in development assistance.[28] In a press release issued on 30 August 1997, Ms. Short emphasized that the Government of the United Kingdom remained committed to the provision of adequate facilities to retain a viable community in the north of Montserrat and stated "we have not and are not advising Montserratians to leave the island". She pointed out that work continued to ensure the provision of basic services as housing, health care and transport on the island.

47. In mid-September 1997, the Montsoufriere volcano's renewed activity devastated further areas of the island and caused the Government to issue urgent calls for the evacuation of the area in the west, including Frith's, Salem, Olveston and Old Towne. Volcanic pyroclastic flows destroyed the airport terminal building and damaged the runway. The buildings in the eastern villages of Tuitt's, Bethel, and Spanish Point were also destroyed. Newly appointed Governor Anthony Abbot urged those still living in the western part of the exclusion zone to evacuate immediately.

48. The Chief Minister visited London from 15 to 16 September. He met with United Kingdom Prime Minister, Tony Blair, Foreign Secretary Robin Cook and the Under-Secretary of State in the Department for International Development, George Foulkes. In a joint statement, it was agreed that the administering Power, jointly with Montserrat's Government, would provide extra shelter in the north for evacuees, review the existing housing programme of 250 units and work out the details of a mortgage housing scheme.

49. In keeping with the administering Power's pledge to keep islanders fully informed of the health risks associated with the volcano, the United Kingdom's Chief Medical Officer, Sir Kenneth Calman, visited Montserrat from 21 to 23 September 1997 and issued a report on the hazards posed by volcanic ash, which contains crystobalite, a substance which can lead to silicosis if inhaled over a long period of time.[29]

50. At the end of October 1997, 50 prefabricated houses were completed at Davy Hill in the north of the island, and a sewage treatment plant was installed for the Davy Hill and CARICOM Village housing schemes.

51. Following warnings that the Montsoufriere volcano dome was extremely unstable and liable to collapse at any moment, an immediate evacuation of Salem and the surrounding area in western Montserrat was ordered on 5 November 1997 by Governor Anthony Abbot.

52. The International Development Select Committee of the House of Commons conducted an inquiry in October 1997 into the handling of the volcano crisis by the administering Power's Government. A delegation of the Committee visited Montserrat, Barbados and Antigua and Barbuda and held hearings with the participation of a number of high level officials of the United Kingdom Government. Among those participating were Mr. David Brandt, Chief Minister of Montserrat; Member States, Clare Short, Secretary of State for International Development; former Governor of Montserrat, Mr. Frank Savage; Professor Stephen Sparks, senior scientist at the Montserrat Volcano Observatory; and Baroness Symons, Parliamentary Under-Secretary at the Foreign and Commonwealth Office.[30]

53. On 27 November 1997, the Committee published its first report, in which it criticized the handling of the volcano crisis by the administering Power. According to the report, there were too many decision makers in the delivery of aid. The Committee held the former Overseas Development

Administration and the present Department for International Development responsible for this situation, indicating that ordinary development procedures were "inappropriate to an emergency of this kind". It also criticized the Government of Montserrat for asking for long-term development aid, rather than dealing with the immediate emergency.

54. The Committee's major recommendation was that finance for Montserrat and other dependent territories should come from a British Government department other than the Department for International Development, noting that financing by the Department for International Development was inconsistent with the Department's development priorities. The Committee argued that the administering Power's responsibilities to its dependent Territories were of greater and different order than its more general humanitarian responsibilities to the developing world and involved different priorities which should be recognized in the structure of administration and funding.

55. The Committee's report emphasized that overlapping responsibilities between the Governor, the Government of Montserrat and the administering Power's Government "has merely meant there has been no one on island with full and unframmelled executive control". The Committee recommended that, in the current review of the administering Power's policy towards its dependent Territories, the Constitution of Montserrat "must be thought through from first principles, with adequate provision for decision-making in emergencies of this kind".[31]

56. In November 1997, the Legislative Council of Montserrat passed a Volcano Relief Fund Act, setting up a committee to make grants or loans to those who had lost their properties and livelihood.[32]

57. On 26 December 1997, the largest dome collapse to date occurred, involving 20 million cubic metres of material and creating an amphitheatre 600 metres in diameter round Galway's Soufrière. The accompanying pyroclastic flows destroyed the evacuated communities of St. Patrick's, Gingoes and Morris and caused severe damage to Trials, Fairfield and Kinsale, all to the south-west of the volcano.[33]

58. On 16 February 1998, the British Government published its own report in response to the House of Commons Committee's first report on handling the volcano crisis in Montserrat. The Government endorsed most of the Committee's findings and recognized that there had been some failures and mistakes. It further stated that most of the Committee's recommendations were either being implemented or were under consideration. The Government indicated that its response set out a number of the actions being taken to enable Montserratians, both those on the island and evacuees elsewhere, to improve their well-being. The report particularly stated that the administering Power fully stood behind its "commitment to make it possible for those Montserratians who want to do so to remain on the island, as long as the scientists advise that it is relatively safe for them to be there".[34]

59. Responding to the comments and recommendations of the Committee, the British Government said that, regarding the statement that there were too many decision makers involved in the delivery of aid, the Government was looking at ways to improve current arrangements for the delivery of aid. Changes had been made to procedures. Since the establishment of the Aid Management Office, immediate responsibility for the implementation of the development programme and coordination of emergency aid activity had been transferred to Montserrat. The Aid Management Office reported directly to the recently established Montserrat Unit in the Department for International Development.

60. The report pointed out that the relationship between the Foreign and Commonwealth Office and the Overseas Development Administration/Department for International Development had been close since volcanic activity had begun in Montserrat and had sought to overcome difficulties caused by the division of responsibilities for the Dependent Territories, which had rested with the Foreign and Commonwealth Office, from responsibility for development and emergency aid, which had rested with the Overseas Development Administration/Department for International Development. Future responsibility for the provision of aid to Montserrat was being addressed within the context of the review of the Dependent Territories.

61. On 14 February 1998, the Secretary for Foreign and Commonwealth Affairs, Mr. Robin Cook, visited Montserrat and made an inspection by helicopter of devastated areas. He met with the Chief Minister, toured the northern parts of Montserrat and met some of the people living there.

62. On 18 February, speaking in the House of Commons, Mr. George Foulkes, Parliamentary Under-Secretary at the Department for International Development, confirmed that funds of £4.8 million had been approved to provide homes on Montserrat for people moving from areas at greatest risk from the volcano.

63. On 15 April 1998, the Secretary of State for International Development announced further assistance for the 3,000 Montserratian evacuees in the Caribbean. A community empowerment project would be developed in countries hosting evacuees to provide social services, childcare and job-placement schemes.

64. With regard to the provision of facilities and services on Montserrat, information provided by the administering Power indicated that the upgrading of hospital facilities has continued. Improved quarters for up to 52 elderly and disabled patients have been completed. Emergency wards have been relocated into three new six-bed wards with new sanitary facilities. Work at the hospital is due for completion in September 1998 at a cost of £1 million. There are three doctors on the island and the Department for International Development has provided a nurse and two accident and emergency consultants. Over 150 patients with special needs have been relocated to the United Kingdom.

65. According to the administering Power, housing has remained a priority. The first 55 houses have now been occupied at Davy Hill. Another 50 at Lookout have been completed. The next phase envisages the completion by August 1998 of 100 prefabricated houses for those in shelters in the central zone of Montserrat. A further 50 houses will be completed by the end of the year. As of late April, 512 people were still in shelters.

66. On 29 April 1998, the Secretary of State for International Development informed the House of Commons that the United Kingdom Government had committed £62 million to Montserrat in emergency and development assistance since the volcanic crisis began in 1995. The Secretary also stated that the United Kingdom was increasingly moving away from crisis management and was working with the Government of Montserrat to develop a sustainable development plan to enable the north of the island to meet the needs of those remaining on the island. The sustainable development project, initially agreed in September 1997 between Mr. George Foulkes, Parliamentary Under-Secretary at the Department for International Development, and the Chief Minister of Montserrat, would address the next five years of development in Montserrat. Discussions between the Department for International Development and the Government of Montserrat on the plan were ongoing and an agreement was expected by July 1998.[35]

Notes

[1] The information contained in the present paper has been derived from published reports and information available on the Internet. The facts and figures presented in the working paper are the latest information available.

[2] *Trinidad and Tobago, Guyana; Suriname; Netherlands Antilles; Aruba; Windward and Leeward Islands, 1st quarter 1998. The Economist* Intelligence Unit, p. 74.

[3] *Guyana, Windward and Leeward Islands, 1997-98. The Economist* Intelligence Unit, 1998, p. 43.

[4] *1998 Caribbean Basin Profile*, p. 316.

[5] Ibid., p. 314.

[6] Ibid., p. 314.

[7] Ibid., p. 314.

[8] *The Montserrat Reporter*, 17 April 1998.

[9] *Caribbean Update*, October 1997; *The Associated Press*, 27 March 1998.

[10] CANA news agency, Bridgetown, 25 April 1998.

[11] Ibid.

[12] *The Montserrat Reporter*, 13 March 1998.

[13] CANA news agency, Bridgetown, 25 April 1998.

[14] *1998 Caribbean Basin Profile*, p. 313.

[15] *Caribbean Insight*, February 1998, p. 10.

[16] House of Commons, *Hansard*, Written Answers for 5 May 1998 (pt. 29, col. 371-372).

[17] *Caribbean Insight*, September 1998.

[18] Ibid., November 1998. A waiver of repayments on Antigua and Barbuda's £3 million independence loan for a three-year period, together with a development grant for health and education projects, was agreed by the United Kingdom Government in September 1997 as a means of assisting Antigua and Barbuda.

[19] *1998 Caribbean Basin Profile*, p. 315.

[20] Ibid., p. 313-314.

[21] Ibid., p. 315.

[22] CANA news agency, Bridgetown, 25 April 1998.

[23] *1998 Caribbean Basin Profile*, p. 315.

[24] *Caribbean Insight*, February 1998.

[25] House of Commons, *Hansard*, Written Answers for 11 November 1997 (pt. 12, col. 499).

[26] DP/CCF/MOT/1.

[27] Information was obtained from the Caribbean Disaster Emergency Response Agency (CDERA) Web site (www.cdera.org).

[28] *Caribbean Insight*, September 1997.

[29] Ibid., October 1997.

[30] Ibid., December 1997.

[31] A synopsis of the report is provided in *Caribbean Insight*, January 1998. The full text of the report is available at the United Kingdom's Parliament Web site (www.parliament.the-stationery-office.co.uk/pa/cm/cmintdev.htm).

[32] *Caribbean Insight*, January 1998.

[33] Ibid., February 1998.

[34] *Reuters*, 16 February 1998. The full text of the Government's report is available at the United Kingdom's Parliament Internet site (http://www.parliament.the-stationery-office.co.uk/pa/cm/cmintdev.htm).

[35] House of Commons, *Hansard*, Written Answers for 29 April 1998 (pt. 9, col. 153).